



Evaluating Dependent Eligibility Management Alternatives and Solutions

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Evaluating Your Dependent Eligibility Alternatives

While the benefits of performing a Dependent Eligibility Audit (DEA) have been analyzed by qualified financial and regulatory legal experts, [well documented](#) in respected publications, and recognized for staggering [published ROI by industry](#), there are still a number of [common mistakes](#) and questions around choosing the right DEA solution.

This resource was created as a guide to help employers, plan administrators and consultant advisors to make an informed decision concerning key aspects of a DEA. It is not intended to provide a vendor side-by-side, but rather to be a resource to help determine the best “fit” DEA approach for the company, establish the vendor’s capabilities, evaluate these against best-in-class solution offerings, and develop an effective and defensible scorecard.

The resource will also address how to:

- ❑ Establish that there is a critical business need to reduce health plan costs and address potential employee fraud
- ❑ Define the economic value proposition to your company
- ❑ Develop and execute a strategy that works
- ❑ Cut through the “smoke and mirrors” (tips that will help you get to the “real deal” and uncover fees that you might incur later

Should your organization conduct a DEA?

The answer is "YES" if you can check at least two of the following:

- ❑ It is a goal of the company, supported by corporate leadership and other key constituents (internal and external), **to reduce costs**.
- ❑ Benefits help my organization **attract and retain talent** that will differentiate us in the market-place.
- ❑ Employee layoffs and early retirement measures that will reduce expenses in the short-term, but stand to increase them in the long-term is not a **viable solution to reducing expenses**.
- ❑ **Complying with corporate fiduciary responsibilities and preventing employee fraud is a requirement** to the overall well-being and economic stamina of my organization.

Key Characteristics:

- ❑ Employee communication campaign can be tailored to the client's corporate culture, unique DEA requirements, and targeted outcomes.
- ❑ Can receive and securely house verification documents evidencing compliance with SPD eligibility requirements.
- ❑ Support employees & resolve questions throughout the audit process utilizing an inbound and outbound call center and secure web-based solutions.
- ❑ Capture and image documents and data evidencing qualification of dependents for benefits eligibility for all health plan(s).
- ❑ Ensure objective eligibility determinations through an automated, rules-based, data-driven adjudication platform.
- ❑ Review the exceptions (i.e., dependents who fail by a fully dedicated, specialized expert).
- ❑ Provide real-time update of workflow and results throughout the audit via a web dashboard.

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Define the Economic Business Proposition

- ❑ What should you expect to see in ineligible dependent rate reduction given your industry and culture?
- ❑ What are the cost per dependent for the audit? (No matter how fees are presented, equalize the fees.)
- ❑ What is the methodology used to determine the ROI?
- ❑ What percentage of ineligible dependents will achieve a 1:1 or break-even ROI?
- ❑ When will the payback be realized?

Company	
Employees Participating in Health Plans	16,582
Employees with Dependents	7,712
Average Number of Dependents Per DCE	2.17
% of Employees w/ Dependents	46.51%
Cost Per Dependent Per Month	\$166.95
Total # of Dependents	16,698
# of Ineligible Dependents	1,772
# of Calls Received	9,442
Outbound Mailings-Employee Letter Campaign	37,037
Documents Received	40,683
Savings:	Projected Audit Savings (10.61% Ineligible)
Projected Savings – 1 st Year (Cost of Audit Deducted from Savings)	\$3,342,992
Projected Lifetime Savings (over 5 Years)	\$10,441,702
ROI 1 st Year	1620%
ROI Years 2-5	5060%
Project Payback in Months	0.70
Project Break-even - # of Ineligible Dependents	103
Project Break-even - % of Total Dependent Population	0.62%

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Complimentary RFP Questionnaire

- Contact HRAdvance for your complimentary RFP questionnaire.



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